



# DEFINING

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Growth



quarterly report march 31, 2018



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## COMPANY INFORMATION

### Board of Directors

Hasan Reza-ur Rahim (Chairman) Non-Executive Director  
Kulsum Dawood Non-Executive Director  
Inam Ur Rahman Non-Executive Director  
Kamran Nishat Independent Director  
Shafiq Ahmed Non-Executive Director  
Sulaiman S. Mehdi (Chief Executive) Executive Director  
Faisal Nadeem Executive Director

### Board Audit Committee

Kamran Nishat (Chairman)  
Shafiq Ahmed  
Inam Ur Rahman

### Board HR & Remuneration Committee

Kamran Nishat (Chairman)  
Inam Ur Rahman  
Hasan Reza-ur Rahim

### Board Investment Committee

Hasan Reza-ur Rahim (Chairman)  
Inam Ur Rahman  
Shafiq Ahmed

### CFO & Company Secretary

Faisal Nadeem

### Head of Internal Audit

Ayman Anwer

### Executives\*

Sulaiman S. Mehdi (CEO)  
Faisal Nadeem (CFO & CS)  
Muhammad Anas Karimi (Senior Manager Finance)  
Ayman Anwer (Head of Internal Audit)  
Naresh Kumar (Investment Associate)  
Marvi Shaikh (Investment Analyst)

### Auditors

A.F. Ferguson & Co.  
(Chartered Accountants)  
State Life Building 1-C,  
I.I. Chundrigar Road, Karachi.  
Website: [www.pwc.com/pk](http://www.pwc.com/pk)

### Tax Consultants

A.F. Ferguson & Co.  
(Chartered Accountants)  
State Life Building 1-A,  
I.I. Chundrigar Road, Karachi.  
Website: [www.pwc.com/pk](http://www.pwc.com/pk)

### Share Registrar/Transfer Agent

Central Depository Company of Pakistan Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi – 74400  
Tel: 111-111-500  
Fax: (92-21) 34326053

### Legal Advisors

Mohsin Tayebally & Co.  
1st Floor, Dime Centre,  
BC-4, Block 9, Khekashan,  
Clifton, Karachi

### Rating Agency

JCR – VIS Credit Rating Agency  
VIS House, 128/C,  
25th Lane Off Khayaban-e-Ittehad,  
Phase VII, DHA, Karachi

### Bankers

Bank Al Habib Limited  
Habib Bank Limited  
BankIslami Pakistan Limited  
National Bank of Pakistan  
MCB Bank Limited

### Registered Office

Dawood Centre, M.T. Khan Road  
Karachi-75530

Website: [www.cyanlimited.com](http://www.cyanlimited.com)

\*As determined by the Board of Directors

## DIRECTORS' REVIEW

The Board of Directors of Cyan Limited is pleased to present the un-audited condensed interim financial information of the company for the quarter ended March 31, 2018.

### Economic Review and Outlook

During the period, most economic indicators remained steady despite challenges on external front. On external account front, current account deficit (CAD) stood at USD 2.9 billion during 2MCY18 compared to USD 2.6 billion in the SPLY on account of widening trade deficit numbers. The widening CAD coupled with external debt servicing drove FX reserves downward to USD 17.79 billion till Mar 31, 2018.

Citing external account pressure, increasing oil prices and rupee devaluation, SBP hiked the policy rate by 25 bps in Jan 2018 after four years. The rupee further weakened by about 4.4% against USD in Mar 2018. However, in its last monetary policy committee meeting, SBP decided to maintain policy rate at 6% for the next two months, arguing that the recent currency devaluation would manage to offset external pressure on the economy.

Increasing international oil prices, growing remittances and external debt servicing are potential threats to the economy. However, materialization of FX inflows from the amnesty scheme would ease pressure on depleting foreign reserves; while providing stability to rupee in the short term.

### Stock Market Review and Outlook

Spillover effect of PKR devaluation, expected amnesty scheme (materialized in Apr 2018), timely Senate elections and renewed interest of foreign investors helped the KSE-100 index to provide a return of 12.57%, closing at 45,560 points in March 2018. Market activity improved during 1QCY18, where average daily traded value of KSE-100 Index increased to PKR 6.4 billion compared to PKR 5.6 billion in 4QCY17. Moreover, average daily traded volume of KSE-100 Index also increased to 87 million shares in 1QCY18 from 70 million shares in 4QCY17.

Against the outflow in last three years, foreign investors remained net buyers during the quarter as they bought shares of worth USD 31.2 million in 1QCY18. The government's decision to let an overvalued PKR devalue by around 5% in Dec 2017 followed by further 4.4% depreciation in Mar 2018 provided much needed confidence to investors who were wary of mounting risks to the balance of payment position. Beginning of interest rate hike cycle as SBP enhanced policy rate by 25 bps in Jan 2018 created optimism among investors especially for banking sectors which has higher weight in the index.

Going ahead, the market will take direction from budget to be announced in the end of Apr 2018 and from developments on the domestic politics as the tenure of the incumbent government ends on 31 May of this year. Additionally, the proposed tax amnesty scheme is also expected to provide relief to investors who are concerned about economic woes. Abundant domestic liquidity, benign interest rates and attractive valuations are likely to keep market buoyant for the remaining part of 2018.

### Company Performance

During the quarter ended March 31, 2018 the company posted an earnings per share of Rs.4.99 compared to Rs.3.71 in the corresponding period in 2017.

The equity portfolio was maintained to have a balance between high growth and high yield investments. To this effect, sizable investments were made in Commercial Banks, textile composite, Engineering and Oil & Gas Marketing Companies and money market mutual funds. Dividend income increased by more than 10 times to Rs.34 million for the quarter ended March 31, 2018 as opposed to Rs.3 million

earned in the corresponding period last year, which was primarily due to heavy weightage in Banking sector and realization of HUBCO dividend.

**Acknowledgement**

We would like to thank all our stakeholders, especially our valued investors, who have placed their confidence in us and also appreciate the efforts put in by the management team for their unswerving commitment and hard work. The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan and the management of the Pakistan Stock Exchange for their continued support and cooperation.

On behalf of the Board

**Shafiq Ahmed**  
Director

**Sulaiman S. Mehdi**  
CEO

Karachi: April 23, 2018

## اظہار تشکر

ہم اپنے تمام شریکان کار، بالخصوص اپنے قابل قدر سرمایہ کاران کے تہہ دل سے مشکور ہیں جنہوں نے ہم پر اپنے اعتماد کا اظہار کیا اور اس کے ساتھ ہی ہم اپنی انتظامیہ کی غیر متزلزل وابستگی اور انتھک محنت کی بھی دل سے قدر کرتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز، سیکرٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے بھی ان کے مسلسل تعاون اور اشتراک کے لئے تہہ دل سے مشکور ہیں۔

منجانب بورڈ

سلیمان الیس مہدی

سی ای او

شفیق احمد

ڈائریکٹر

کراچی، 23 اپریل، 2018

ہے 70 ملین حصص کے مقابلے میں بڑھ کر 87 ملین حصص تک جا پہنچا۔

گزشتہ تین سال کے دوران سرمائے کے اخراج کے باوجود اس سہ ماہی میں غیر ملکی سرمایہ کار اصل خریدار رہے جنہوں نے کیلنڈر سال 2018 کی پہلی سہ ماہی میں 31.2 ملین امریکی ڈالر کی مالیت کے حصص کی خریداری کی۔ دسمبر 2017 میں بیش قدر پاکستانی روپے کی قدر میں تقریباً 5% کمی کے حکومتی فیصلے اور اس کے بعد مارچ 2018 میں 4.4% کی مزید کمی سرمایہ کاروں کے اشد ضروری اعتماد کا باعث بنی جو کہ ادائیگیوں کے توازن کی صورت حال کے بڑھتے خدشات کے باعث محتاط تھے۔ جنوری 2018 میں اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی شرح 25 پیسے پوائنٹس سے بڑھائے جانے پر شرح سود میں اضافے کے دور کے آغاز نے سرمایہ کاروں بالخصوص بینکاری شعبے کے لئے خوش آئند صورت حال پیدا کی جس کا حجم انڈیکس میں سب سے زیادہ ہے۔

مزید برآں، اپریل، 2018 کے اواخر میں بجٹ کے متوقع اعلان اور 31 مئی کو موجودہ حکومت کی مدت ختم ہونے کے باعث، علاقائی سیاست کی بنا پر مارکیٹ اپنی سمت کا تعین کرے گی۔ مزید یہ کہ، توقع کی جارہی ہے کہ مجوزہ ٹیکس اینبسنٹی اسکیم ان سرمایہ کاروں کو ریلیف فراہم کرے گی جو معاشی مشکلات کے بارے میں تحفظات کا شکار ہیں۔ کثیر مقامی لکویڈٹی، مناسب شرح سود اور پرکشش تشخیص قدر کے باعث توقع ہے کہ 2018 کے بقیہ حصے میں بھی مارکیٹ اضافے کی جانب گامزن رہے گی۔

### کمپنی کی کارکردگی

31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے دوران کمپنی نے 4.99 روپے فی حصص کی آمدنی ظاہر کی جو کہ 2017 کی اسی مدت میں 3.71 روپے فی حصص تھی۔

زیادہ تیزی سے ترقی کرنے والی اور زیادہ منافع بخش سرمایہ کاروں میں توازن قائم رکھنے کے لئے ایکویٹی پورٹ فولیو برقرار رکھا گیا۔ اس امر کو ممکن بنانے کے لئے کمرشل بینکس، ٹیکسٹائل کمپوزٹ، انجینئرنگ اور آئل اینڈ گیس مارکیٹنگ کمپنیوں اور مٹی مارکیٹ میوچل فنڈز کے شعبوں میں نمایاں سرمایہ کاری کی گئی۔ ڈیویڈنڈ کی آمدنی 10 گنا سے زائد اضافے کے بعد 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے لئے 34 ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ آمدنی 3 ملین روپے رہی تھی۔ ڈیویڈنڈ آمدنی میں اضافے کی بنیادی وجہ بینکاری شعبے کے بھاری حجم اور HUBCO کی ڈیویڈنڈ کی وصولیابی تھی۔

## ڈائریکٹرز کی رپورٹ

سیان لیمنڈ کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کرتے ہیں۔

### معاشی جائزہ اور آثار

زیر جائزہ مدت کے دوران بیرونی سطح پر چیلنجز کے باوجود اکثر معاشی اشارے متوازن رہے۔ بیرونی اکاؤنٹ کی سطح پر کرنٹ اکاؤنٹ خسارہ (CAD) کیلنڈر سال 2018 کے 2 ماہ میں گزشتہ سال کی اسی مدت کے 2.6 ارب امریکی ڈالر کے مقابلے میں 2.9 ارب امریکی ڈالر ہا جس کی وجہ تجارتی خسارے کے بڑھتے ہوئے اعداد تھے۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے بشمول بیرونی قرضہ جات نے 31 مارچ 2018 تک زرمبادلہ کے ذخائر کو 17.79 ارب امریکی ڈالر تک پہنچا دیا۔

بیرونی اکاؤنٹ کے دباؤ، بڑھتی ہوئی تیل کی قیمتوں اور روپے کی قدر میں کمی کے پیش نظر اسٹیٹ بینک آف پاکستان نے چار سال کے بعد جنوری 2018 میں پالیسی ریٹ 25 پیس پوائنٹس سے بڑھا دیا۔ مارچ 2018 میں روپے کی قدر امریکی ڈالر کے مقابلے میں مزید 4.4% کم ہو گئی۔ تاہم اسٹیٹ بینک آف پاکستان نے اپنے گزشتہ ماہی پالیسی کمیٹی اجلاس میں اگلے دو ماہ کے لئے پالیسی شرح 6% پر برقرار رکھنے کا فیصلہ کیا اور یہ بیان کی کہ کرنسی کی موجودہ تخفیف معیشت پر بیرونی دباؤ کو متوازن کر دے گی۔

تیل کی قیمتوں میں اضافہ، بڑھتی ہوئی ترسیلات زر اور بیرونی قرضہ جات معیشت کو لاحق ممکنہ خطرات ہیں۔ تاہم ایم این سی اسکیم کے تحت غیر ملکی زرمبادلہ کے داخلی بہاؤ کے باعث غیر ملکی ذخائر پر دباؤ میں کمی واقع ہوگی، جبکہ مختصر عرصہ کے لئے روپے کی قدر کو بھی استحکام حاصل ہوگا۔

### اسٹاک مارکیٹ کا جائزہ اور آثار

پاکستانی روپے کی قدر میں کمی کے ثانوی اثرات، متوقع ایم این سی اسکیم، (اپریل 2018 میں جامہ عمل ہوگی) وقت پر ہونے والے سینٹ کے انتخابات اور بیرونی سرمایہ کاروں کی از سر نو دلچسپی KSE-100 انڈیکس کو 12.57% منافع فراہم کرنے میں معاون ثابت ہوئی اور مارچ 2018 میں انڈیکس 45,560 پوائنٹس پر بند ہوا۔ کیلنڈر سال 2018 کی پہلی سہ ماہی میں مارکیٹ کی سرگرمی میں بہتری آئی جب KSE-100 انڈیکس کاروبار اور وسط تجارتی قدر کیلنڈر سال 2017 کی چوتھی سہ ماہی کے 5.6 ارب روپے کے مقابلے میں بڑھ کر 6.4 ارب روپے تک پہنچ گیا۔ مزید برآں KSE-100 انڈیکس کاروبار اور وسط تجارتی حجم کیلنڈر سال 2017 کی چوتھی سہ ماہی

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at march 31, 2018

	Note	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	14,363	14,951
Intangible assets	6	120	137
Deferred taxation		1,666	52,235
Long term loans		7,533	8,133
Long term deposits		2,500	2,500
		<u>26,182</u>	<u>77,956</u>
<b>Current assets</b>			
Short term investments	7	2,440,125	2,440,890
Long term loans - current portion		2,330	2,330
Trade and other receivables		282,270	16,242
Advances and short term prepayments		3,026	3,539
Cash and bank balances	8	6,601	5,269
		<u>2,734,352</u>	<u>2,468,270</u>
<b>TOTAL ASSETS</b>		<u><b>2,760,534</b></u>	<u><b>2,546,226</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 100,000,000 (2017: 100,000,000) Ordinary shares of Rs 10/- each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up share capital		586,277	586,277
Unappropriated profit		1,317,204	1,024,498
Reserves		133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(2,142)	(2,142)
Surplus on revaluation of available-for-sale investments		481,334	528,372
		<u>2,515,761</u>	<u>2,270,093</u>
<b>Non-current liabilities</b>			
Deferred liability - gratuity		<u>13,119</u>	<u>12,237</u>
		13,119	12,237
<b>Current liabilities</b>			
Creditors, accrued expenses and other liabilities		23,829	15,016
Accrued mark - up		4,048	400
Unclaimed dividend		30,662	30,671
Short term borrowing		32,995	-
Taxation - net		140,120	217,809
		<u>231,654</u>	<u>263,896</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,760,534</b></u>	<u><b>2,546,226</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

**Sulaiman S. Mehdi**  
Chief Executive Officer

**Shafiq Ahmed**  
Director

**Faisal Nadeem**  
Chief Financial Officer

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the quarter ended March 31, 2018 - (un-audited)

	Note	March 31,	
		2018	2017
(Rupees in '000)			
<b>REVENUES</b>			
Return on investments		34,422	3,483
Gain on sale of investments - net		238,981	220,524
Other income		2,454	8,307
		<u>275,857</u>	<u>232,314</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		105,520	47,431
		<u>381,377</u>	<u>279,745</u>
<b>EXPENSES</b>			
Operating and administrative expenses		(29,631)	(26,518)
Financial charges		(4,048)	(4,974)
		<u>(33,679)</u>	<u>(31,492)</u>
<b>PROFIT BEFORE TAXATION FROM OPERATIONS</b>		<u>347,698</u>	<u>248,253</u>
Taxation - current period		(4,423)	(47,057)
- deferred		(50,569)	16,069
		<u>(54,992)</u>	<u>(30,988)</u>
<b>NET PROFIT FOR THE PERIOD</b>		<u>292,706</u>	<u>217,265</u>

(Rupees)

**BASIC AND DILUTED EARNINGS PER SHARE** 4.99 3.71

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

**Sulaiman S.Mehdi**  
Chief Executive Officer

**Shafiq Ahmed**  
Director

**Faisal Nadeem**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended march 31, 2018 - (un-audited)

	March 31,	
	2018	2017
	(Rupees in '000)	
Profit after taxation	292,706	217,265
Items that may be reclassified subsequently to profit or loss		
Deficit on revaluation of available-for-sale investments	(47,038)	(107,268)
<b>Total comprehensive income for the period</b>	<b><u>245,668</u></b>	<b><u>109,997</u></b>

The annexed notes from 1 to12 form an integral part of this condensed interim financial information.

**Sulaiman S.Mehdi**  
Chief Executive Officer

**Shafiq Ahmed**  
Director

**Faisal Nadeem**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the quarter ended March 31, 2018 - (un-audited)

	Share Capital	Capital reserves		Revenue reserves		Remeasurement on post retirement benefits obligation-net of tax	Surplus / (deficit) on revaluation of available for sale investments	Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Capital gain reserve	General reserve	Unappropriated profit			
	----- (Rupees in '000) -----							
<b>Balance as at January 01, 2017</b>	586,277	10,535	2,553	120,000	1,708,968	(2,611)	746,881	3,172,603
Net Profit for the quarter ended March 31, 2017	-	-	-	-	217,265	-	-	217,265
Other comprehensive loss	-	-	-	-	-	-	(107,268)	(107,268)
Final dividend @ Rs.2.50 per share for the year ended Dec 31, 2016	-	-	-	-	(146,569)	-	-	(146,569)
	-	-	-	-	(146,569)	-	-	(146,569)
<b>Balance as at March 31, 2017</b>	<b>586,277</b>	<b>10,535</b>	<b>2,553</b>	<b>120,000</b>	<b>1,779,664</b>	<b>(2,611)</b>	<b>639,613</b>	<b>3,136,031</b>
<b>Balance as at January 01, 2018</b>	586,277	10,535	2,553	120,000	1,024,498	(2,142)	528,372	2,270,093
Net Profit for the quarter ended March 31, 2018	-	-	-	-	292,706	-	-	292,706
Other comprehensive loss	-	-	-	-	-	-	(47,038)	(47,038)
<b>Balance as at March 31, 2018</b>	<b>586,277</b>	<b>10,535</b>	<b>2,553</b>	<b>120,000</b>	<b>1,317,204</b>	<b>(2,142)</b>	<b>481,334</b>	<b>2,515,761</b>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Sulaiman S.Mehdi  
Chief Executive Officer

Shafiq Ahmed  
Director

Faisal Nadeem  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the quarter ended march 31, 2018 - (un-audited)

	March 31,	
	2018	2017
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	347,698	248,253
<b>Adjustment for non cash charges and other items:</b>		
Depreciation / Amortisation	605	572
Capital gain on sale of investments - net	(238,981)	(220,524)
Gain on sale of property and equipment	-	(601)
Amortization income on government securities	(597)	(633)
Interest expense	4,048	4,974
Unrealised (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net & Derivative Contracts	(105,520)	(47,431)
	(340,445)	(263,643)
Operating Profit / (loss) before working capital changes	7,253	(15,390)
<b>Decrease / (Increase) in operating assets</b>		
Trade and other receivables	(266,028)	(47,327)
Long term loan	600	568
Advances and short term prepayments	513	(981)
	(264,915)	(47,740)
(Decrease) in creditors, accrued expenses and other liabilities	8,813	(8,003)
Increase in deferred liability	882	690
<b>Net cash used in operations</b>	(247,967)	(70,443)
Taxes paid	(82,111)	(2,962)
Interest paid	(400)	(3,803)
Dividend Paid	(9)	(145,528)
<b>Net cash used in operating activities</b>	(330,487)	(222,736)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	2,499,364	1,950,263
Investment in securities	(2,200,540)	(1,573,367)
Capital expenditure incurred	-	(190)
Proceeds from sale of property and equipment	-	690
<b>Net cash generated from investing activities</b>	298,824	377,396
<b>Net (decrease) / increase in cash and cash equivalents</b>	(31,663)	154,660
Cash and cash equivalents at the beginning of the period	8,269	(179,359)
<b>Cash and cash equivalents at the end of the period</b>	8.1 (23,394)	(24,699)

Sulaiman S.Mehdi  
Chief Executive Officer

Shafiq Ahmed  
Director

Faisal Nadeem  
Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended March 31, 2018 - (un-audited)

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Cyan Limited, a DH Group Company ("the Company"), is a Public Limited Company incorporated in Pakistan on 23 April 1960 under the Companies Act, 1913 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 4th Floor Dawood Centre, Molvi Tamizuddin Khan Road, Karachi. Dawood Corporation (Private) Limited is the parent company of the entity.

The company is engaged in making equity investments in companies with high growth potential.

## 2 BASIS OF PRESENTATION

### 2.1 Statement of Compliance

This condensed interim financial information is un-audited and is being presented to the shareholders as required under section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange. This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting". This condensed interim financial information does not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2017.

### 2.2 Basis of measurement

This condensed interim financial information has been prepared on the historical cost basis, except for certain investments which are measured at fair value.

### 2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pakistani rupee, which is also the Company's functional and presentation currency.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2017.

## 4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of this condensed interim financial information in conformity with approved Accounting Standards requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The significant judgments made by the management in applying the company's accounting policies and the key resources of estimation and uncertainty were the same as those applied to the financial statements for the year ended December 31, 2017.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended march 31, 2018 - (un-audited)

	Note	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
Opening book value		14,951	13,751
Additions during the quarter / year		-	3,980
		14,951	17,731
Less: Written down value (WDV) of disposal during the quarter / year		-	(200)
Less: Depreciation for the quarter / year		(588)	(2,580)
		(588)	(2,780)
		14,363	14,951
The details of additions and disposals during the quarter / year are as follows:			
<b>Additions-Cost</b>			
Furniture and Fixture		-	594
Office Equipment		-	678
Vehicle		-	2,708
		-	3,980
<b>Disposals-Cost</b>			
Office Equipment		-	121
Vehicle		-	1,466
		-	1,587
<b>6</b>	<b>INTANGIBLE ASSETS</b>		
Opening book value		137	266
Additions during the quarter / year		-	-
		137	266
Less: Written down value (WDV) of disposal during the quarter / year		-	-
Less: Amortisation for the quarter / year		(17)	(129)
		(17)	(129)
		120	137
<b>7</b>	<b>SHORT TERM INVESTMENTS</b>		
Investments comprise of the following:			
Held-to-maturity investments		44,708	44,643
Available-for-sale investments	7.1	599,276	646,314
Investments carried at fair value through profit or loss	7.2	1,793,141	1,746,933
Loan and Receivables	7.3	3,000	3,000
		2,440,125	2,440,890
		2,440,125	2,440,890
<b>7.1</b>	<b>Available-for-sale investments</b>		
Quoted shares - related parties	7.1.1	599,276	646,314
		599,276	646,314

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended march 31, 2018 - (un-audited)

### 7.1.1 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost	Market value	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Mar-18	31-Dec-17
				----- Rupees '000' -----	
<b>Fertilizer</b>					
Dawood Hercules Corporation Limited Equity held: 0.17% (2017: 0.17%)	794,380	794,380	47,653	104,016	88,875
<b>Textile Composite</b>					
Dawood Lawrencepur Limited Equity held: 5.02% (2017: 5.02%)	2,965,095	2,965,095	222,110	495,260	557,439
			269,763	599,276	646,314
Less: Provision for impairment			(151,821)		
Carrying value			117,942		
Market value as at 31 March 2018			599,276		
Unrealised gain on quoted shares			481,334		

	Note	Market Value	
		March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
			Rupees '000'
7.2 Investment Carried at fair value through profit or loss			
Quoted shares	7.2.1	1,687,679	1,682,761
Mutual funds	7.2.2	105,462	64,172
		<b>1,793,141</b>	<b>1,746,933</b>

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended march 31, 2018 - (un-audited)

### 7.2.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value	Market value	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Mar-18	31-Dec-17
				Rupees '000'	
<b>Oil and Gas Exploration Companies</b>					
Oil and Gas Development Company Limited	-	500,000	-	-	81,395
<b>Oil and Gas Marketing Companies</b>					
Sui Northern Gas Pipeline Limited	500,000	500,000	47,305	56,355	47,305
Pakistan State Oil Company Limited	500,000	-	154,116	160,745	-
<b>Cable &amp; Electrical Goods</b>					
Singer Pakistan Limited	500,000	500,000	18,210	24,020	18,210
<b>Refinery</b>					
Pakistan Refinery Limited	-	1,000,000	-	-	35,180
<b>Cement</b>					
Dewan Cement Limited	300,000	-	8,095	8,097	-
D.G Khan Cement Limited	-	200,000	-	-	26,744
<b>Textile Composite</b>					
Nishat Chunian Limited	-	3,000,000	-	-	137,310
Nishat Mills Limited	75,100	-	12,147	11,933	-
Gul Ahmad Textile Mills Limited	500,000	-	20,759	21,340	-
Azgard Nine Limited	5,000,000	-	77,127	77,100	-
<b>Pharmaceuticals</b>					
Abbott Laboratories (Pakistan) Limited	42,500	-	28,870	30,639	-
<b>Inv. Banks / Inv. Cos. / Securities Cos.</b>					
Pakistan Stock Exchange Limited	-	7,929,330	-	-	177,617
<b>Glass &amp; Ceramics</b>					
Tanq Glass Industries Limited	-	200,000	-	-	18,998
<b>Transport</b>					
Pakistan International Bulk Terminal Limited	-	1,000,000	-	-	14,950
<b>Technology &amp; Communication</b>					
Medial Times Limited	5,000,000	5,000,000	8,500	9,500	8,500
TRG Pakistan Limited	-	1,000,000	-	-	29,600
<b>Power Generation &amp; Distribution</b>					
The Hub Power Company Limited (related party)	-	10,000,000	-	-	910,000
Equity held: 0.00% (2017: 0.86%)					
K-Electric Limited	-	5,000,000	-	-	31,550
<b>Commercial Banks</b>					
Bank Alfalah Limited	8,800,000	-	420,966	464,904	-
Bank of Punjab	-	2,490,000	-	-	20,517
Faysal Bank Limited	7,280,500	-	168,618	192,059	-
MCB Bank Limited	500,000	-	111,810	110,065	-
United Bank Limited	800,000	-	157,071	167,112	-
<b>Engineering</b>					
Mughal Iron & Steel Industries Limited	1,286,500	-	90,952	94,429	-
Aisha Steel Mills Limited	2,503,000	-	55,025	50,811	-
Amreli Steels Limited	500,000	-	49,522	46,015	-
International Steels Limited	500,000	500,000	53,185	57,955	53,185
<b>Chemical</b>					
Lotte Chemical Pakistan Limited	-	10,000,000	-	-	71,700
<b>Fertilizer</b>					
Fauji Fertilizer Bin Qasim Limited	2,500,000	-	102,630	104,600	-
Carrying Cost as at 31 March 2018			1,584,908	1,687,679	1,682,761
<b>Market Value as at 31 March 2018</b>			1,687,679		
Unrealised gain on Quoted Shares			102,771		

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended March 31, 2018 - (un-audited)

7.2.1.1 2,503 million shares (Dec. 2017: Nil) of Aisha Steel Mills Limited having market value of Rs. 50.81 million as at March 31, 2018, 0.5 million shares (Dec. 2017: Nil) of International Steel Limited having market value of Rs. 57.96 million and 0.5 million shares of MCB Bank Limited (Dec. 2017: Nil) having market value of Rs 110.07 million have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

7.2.1.2 The Company has running finance facility of Rs. 1,000 million (December 31, 2017: Rs. 1,000 million) under mark-up arrangement with MCB Bank Limited. The facility carries mark-up at 3 month KIBOR plus 0.25% per annum (December 31, 2017: 3 month KIBOR + 0.25% per annum).

The facility is secured against pledge of 0.4 million (market value: Rs.83.56 million) ordinary shares of United Bank Limited.

7.2.1.3 The Company has running finance facility of Rs. 500 million (December 31, 2017: Rs. 500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 0.65% per annum (December 31, 2017: 3 month KIBOR + 0.65% per annum).

### 7.2.2 Mutual Funds

Name of fund	Note	Number of Units		Carrying value	Market value	
		31-Mar-18	31-Dec-17	31-Mar-18	31-Mar-18	31-Dec-17
----- Rupees '000' -----						
HBL Money Market Fund		-	239,712	-	-	25,007
Meezan Islamic Fund		1,474,685	-	100,000	102,714	-
NAFA Government Securities Liquid Fund	7.2.2.1	260,170	260,170	2,713	2,748	2,713
NAFA Money Market Fund		-	3,600,238	-	-	36,452
Carrying Cost as at 31 March 2018				<u>102,713</u>	<u>105,462</u>	64,172
Market Value as at 31 March 2018				<u>105,462</u>		
Unrealised Gain on Schemes				<u>2,749</u>		

7.2.2.1 223,871 units (December 31, 2017: 223,871 units) of NAFA Government Liquid Fund having a market value of Rs. 2,364 million (December 31, 2017: 2,334 million) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

Note	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
(Rupees in '000)		

### 7.3 Loan and receivables

Deposit maturing within one month 7.3.1 3,000 3,000

7.3.1 Term Deposit Receipts carry mark-up at 5.50% per annum (December 31 2017: 5.25%) per annum and maturity on April 28, 2018 (January 28, 2018). The company has pledged the TDR with Bank Alhabib against Rs. 2.8 million guarantee pending settlement of claim in litigation

March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
(Rupees in '000)	

## 8 CASH AND BANK BALANCES

Cash in hand	50	36
Cash at bank	<u>6,551</u>	5,233
	<u>6,601</u>	5,269

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended march 31, 2018 - (un-audited)

	March 31, 2018 (Un-audited)	March 31, 2017 (Un-audited)
	(Rupees in '000)	
<b>8.1 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents for the purpose of cash flow comprises of the following:		
Cash and bank balances	6,601	7,739
Term deposit receipts	3,000	3,000
Short term running finance	<u>(32,995)</u>	<u>(35,438)</u>
	<u>(23,394)</u>	<u>(24,699)</u>
	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
	(Rupees in '000)	
<b>9 CONTINGENCIES AND COMMITMENTS</b>		
Guarantees issued on behalf of the Company by commercial bank		
	<u>2,800</u>	<u>2,800</u>

## 10 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies with common directors, group companies, staff retirement fund, directors and key management personnel. Transactions with related parties are entered into at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagement. Transactions with related parties other than those which have been disclosed elsewhere in the condensed interim financial information are as follows:

Transactions	Quarter Ended	
	March 31, 2018 (Un-audited)	March 31, 2017 (Audited)
	(Rupees in '000)	
Rent expense	<u>1,995</u>	<u>2,068</u>
Dividend income	<u>15,000</u>	<u>-</u>
Dividend paid	<u>-</u>	<u>98,157</u>
Advisory income	<u>1,750</u>	<u>7,500</u>
Service charges	<u>200</u>	<u>-</u>
Contribution to provident fund	<u>657</u>	<u>640</u>
Charge for staff retirement gratuity scheme	<u>883</u>	<u>897</u>
<b>Key Management Personnel</b>		
Dividend paid	<u>-</u>	<u>5,519</u>
Remuneration	<u>10,021</u>	<u>9,640</u>
Director Meeting fee	<u>350</u>	<u>400</u>
Employee Loan Recovery	<u>699</u>	<u>699</u>

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter ended March 31, 2018 - (un-audited)

	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
Loan to chief executive officer	<u>2,653</u>	<u>2,960</u>
Loan to other executive	<u>7,210</u>	<u>7,503</u>
Receivable from Related party	<u>2,076</u>	<u>1,458</u>
Payable to related parties	<u>2,645</u>	<u>321</u>

### 11 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 23, 2018 by the Board of Directors of the Company.

### 12 GENERAL

The figures in this condensed interim financial information have been rounded off to the nearest thousand rupees unless otherwise stated.

**Sulaiman S.Mehdi**  
Chief Executive Officer

**Shafiq Ahmed**  
Director

**Faisal Nadeem**  
Chief Financial Officer

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

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







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